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USDA FOR HATHAWAY, HUGHES, T. SAND, AND WITCHER

CEA FOR PENN

E.O.11652: NA
TAGS: EAGR OECD
SUBJECT: OECD AGRICULTURAL MINISTERIAL, FEB 9-10, 1978

1. SUMMARY. AT MEETING OF OECD MINISTERS OF AGRICUL-
TURE, THERE WAS A CONSENSUS ON THE NEED FOR GREATER
EFFORTS AMONG OECD COUNTRIES TO A) FIND MEANS TO REDUCE
THE INSTABILITY OF INTERNATIONAL MARKETS FOR AGR
PRODUCTS, B) FIND WAYS TO AID DEVELOPING NATIONS IN IM-
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PROVING EFFICIENCY OF THEIR FOOD PRODUCTION,AND C) TO
DEVELOP INTERNAL FOOD POLICIES THAT TAKE BETTER ACCOUNT
OF THE INTERESTS OF ALL PARTICIPANTS IN THE FOOD CHAIN
FROM FARMER TO CONSUMER. ALTHOUGH THE MINISTERS HAD
DIFFERING VIEWS, OF COURSE, ON HOW THESE OBJECTIVES
COULD BEST BE ACCOMPLISHED, THEIR VIEWPOINTS WERE LESS
DIAMETRICALLY OPPOSED THAN IN LAST MEETING OF AGRICUL-

TURAL MINISTERS (IN APRIL 1973). ALSO, WHILE MOST MINISTERS PUT PRIMARY EMPHASIS ON IMPROVING EFFICIENCY OF INTERNATIONAL MARKETS FOR AGR PRODUCTS, THEY DID EMPHASIZE MORE THAN IN PREVIOUS AGR MINISTERIALS THE IMPORTANCE OF THE GROWING INTERRELATIONSHIPS OF AGR SECTOR WITH OTHER SECTORS OF THE ECONOMY AND THE NEED TO PAY MORE ATTENTION TO PROBLEMS OF DEVELOPING COUNTRIES. THE MTN AND THE UNCTAD WHEAT AGREEMENT NEGOTIATIONS WERE NOT ON AGENDA, BUT THE IMPORTANCE OF SUCCESSFUL CONCLUSIONS TO THESE NEGOTIATIONS WAS EMPHASIZED BY PRACTICALLY ALL MINISTERS FROM MAJOR OECD COUNTRIES.

2. AS AN AID TO FINDING SOLUTIONS TO THE THREE PROBLEM AREAS OF MARKETS, DEVELOPING COUNTRIES, AND FOOD POLICY, THE MINISTERS ENDORSED THE ONGOING OECD WORK PROGRAM IN AREAS SUCH AS MEDIUM-TERM COMMODITY MARKET FORECASTS AND CONTINUING REVIEWS OF AGR POLICIES OF INDIVIDUAL COUNTRIES. THEY RECOMMENDED THAT GREATER ATTENTION BE PLACED ON HOW NUTRITIONAL NEEDS AND FOOD ECONOMICS CAN BE TAKEN INTO ACCOUNT IN FRAMING INTERNAL FOOD POLICIES. THEY ALSO SUGGESTED THAT OECD GIVE MORE ATTENTION TO THE IMPLICATIONS THAT TRENDS IN THE FOOD AND AGRICULTURAL SITUATION OF THE DEVELOPING COUNTRIES MAY HAVE FOR THE POLICIES OF MEMBER COUNTRIES. MINISTERS FROM SEVERAL COUNTRIES, PRIMARILY THE EXPORTING LIMITED OFFICIAL USE

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MEMBER COUNTRIES OUTSIDE EUROPE, ASKED THAT OECD SEARCH FOR AND PROMOTE ACCEPTANCE OF THE MEANS FOR SHARING THE BURDEN OF INTERNATIONAL ADJUSTMENT ON A MORE EQUITABLE BASIS. THE MINISTERS ALSO ADOPTED AT THEIR FINAL SESSION A RESOLUTION THAT IN ORDER TO TAKE BETTER ADVANTAGE OF THE FORUM OFFERED BY OECD THEY SHOULD HOLD MORE FREQUENT MEETINGS THAN IN THE PAST.

3. U.S. SECRETARY OF AGRICULTURE BERGLAND IN HIS OPENING STATEMENT HIGHLIGHTED THE IMPORTANCE OF FLEXIBILITY IN DOMESTIC POLICIES TO HELP PROMOTE GREATER STABILITY IN INTERNATIONAL MARKETS IN PROVIDING FOR THE FOOD NEEDS OF OECD NATIONS AND THOSE OF THE DEVELOPING WORLD. HE STATED THAT INTERNATIONAL MECHANISMS ARE NEEDED TO ADJUST TO EVER-CHANGING CONDITIONS AND THAT SUCH MECHANISMS ARE NOT, REPEAT NOT, EFFECTIVE IF IMPLEMENTED BY ONLY A FEW COUNTRIES. BERGLAND ALSO STRESSED THAT A SYSTEM WHICH ENABLES EFFICIENT PRODUCERS TO COMPETE IN WORLD MARKET PLACE IS IN BEST INTEREST OF ALL. END SUMMARY

4. THE COMMITTEE FOR AGRICULTURE MET AT MINISTERIAL

LEVEL FEBRUARY 9-10. OF THE 24 OECD COUNTRIES AND YU-
GOSLAVIA, 17 WERE REPRESENTED BY THEIR MINISTERS OF

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AGRICULTURE. THE EC COMMISSION, FAO, COUNCIL OF EUROPE,
GATT, AND WORLD FOOD COUNCIL ALSO WERE REPRESENTED.
THE MEETING WAS CHAIRED BY BELGIAN MINISTER OF AGRICUL-
TURE HUMBLET. THE VICE-CHAIRMEN WERE MINISTERS
MACINTYRE, TALIADOUROS, AND WHELAN FROM NEW ZEALAND,
GREECE AND CANADA RESPECTIVELY.

5. THE AGENDA TOPIC WAS OUTLOOK FOR AGRICULTURAL POL-
ICIES AND MARKETS WITH THE FOLLOWING THREE SUBTOPICS:
FOOD POLICY, FUNCTIONING OF AGR MARKETS, AND IMPLICA-
TIONS OF THE FOOD PROBLEMS OF DEVELOPING COUNTRIES.

6. THE MEETING WAS EFFECTIVELY ORGANIZED TO PROVIDE
FOR A MUCH LARGER PROPORTION OF THE MEETING TIME FOR
DISCUSSION THAN AT PREVIOUS AGR MINISTERIALS. MINIS-
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TERS MADE OPENING STATEMENTS OF ABOUT FIVE MINUTES EACH FOLLOWED BY DISCUSSION OF EACH OF THE THREE SUBTOPICS OPENED BY A MINISTER DESIGNATED IN ADVANCE. (THE PRESENTATION OF THE OPENING STATEMENTS WAS ALMOST COMPLETED AT THE FIRST OF THE THREE HALF-DAY SESSIONS.) UNDER THE SKILLFUL LEADERSHIP OF THE CHAIRMAN, DISCUSSION WAS OPEN, FRANK AND SOMETIMES HIGHLY ANIMATED.

OPENING STATEMENTS

7. A DOMINANT THEME OF SEC-GEN VAN LENNEP'S STRONG OPENING STATEMENT WAS THAT SOLUTION OF THE MAJOR MARKET IMBALANCES AND TRADE DIFFICULTIES CAN COME ONLY THROUGH A GENUINE MULTILATERAL APPROACH. THE SECRETARY GENERAL REVIEWED THREE MAJOR DEVELOPMENTS SINCE THE LAST MEETING OF OECD AGR MINISTERS WHICH HAVE HAD A PROFOUND INFLUENCE ON AGRICULTURE AND AGR POLICIES: A) SLUGGISH ECONOMIC GROWTH AND INFLATION WITH HIGH LEVELS OF UNEMPLOYMENT, B) CHANGING STRUCTURE OF THE WORLD ECONOMY AND IN PARTICULAR THE INCREASING ATTENTION BEING PAID TO THE FOOD AND AGR PROBLEMS OF DEVELOPING COUNTRIES, AND C) VERY SHARP FLUCTUATIONS IN PRICES IN INTERNATIONAL AGR MARKETS RESULTING FROM RATHER MODEST CHANGES IN THE OVERALL SUPPLY/DEMAND CONDITIONS. HE EMPHASIZED THAT THE ADJUSTMENT BURDEN INVOLVED IN COMBATTING SUCH FLUCTUATIONS SHOULD BE SPREAD AS EVENLY AND WIDELY AS POSSIBLE.

8. THE SECRETARY GENERAL STRESSED THAT AT THE NATIONAL LEVEL AGR AND FOOD POLICIES ARE INCREASINGLY INTERRELATED AND THAT AGR POLICIES SHOULD TO A GREATER DEGREE REFLECT OVERALL ECONOMIC AND SOCIAL POLICY OBJECTIVES.

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AT THE INTERNATIONAL LEVEL, THE "BURNING PROBLEM" VISUALIZED BY THE SECRETARY GENERAL WAS TO ACHIEVE AS QUICKLY AS POSSIBLE AN UNDERSTANDING ABOUT CEREAL STOCKS. THE PRESENT AMPLE SUPPLIES PROVIDE THE IDEAL OPPORTUNITY, AND ACTION IS NEEDED QUICKLY TO PREVENT AN EXCESSIVE DOWNWARD ADJUSTMENT OF PRODUCTION THAT MIGHT COME FROM PRESENT PRICE LEVELS. THE FINAL THRUST OF THE SEC-GEN'S STATEMENT WAS A STRONG PLEA FOR A MORE COHERENT SET OF POLICIES DIRECTED AT THE FOOD AND AGR PROBLEMS OF DEVELOPING COUNTRIES. HE STATED THAT THE

PRIORITY NEED IS TO HELP THESE COUNTRIES
INCREASE THEIR OWN FOOD PRODUCTION AND HE ALSO STRESSED
THE CLEAR ADVANTAGES TO OECD ECONOMIES OF TWO-WAY AGR
TRADE.

9. U.S. SECRETARY OF AGRICULTURE BERGLAND IN HIS OPEN-
ING STATEMENT DISCUSSED ALL THREE AGENDA SUBITEMS. HIS
MAIN THEME WAS INTERNATIONAL COOPERATION TO ACHIEVE
GREATER STABILITY AND GROWTH OF TRADE THROUGH MORE
FLEXIBLE POLICIES. HE STRESSED THE IMPORTANCE OF FLEX-
IBLE INTERNAL POLICIES THAT AVOID EXPORTING INSTABILITY
AND FORCING IT ON OTHER NATIONS. IN CREATING A MORE
FLEXIBLE U.S. INTERNAL POLICY THROUGH THE FOOD AND
AGRICULTURAL ACT OF 1977, BERGLAND STATED THAT IT HAD
BEEN ESSENTIAL TO GO BEYOND THE NARROW CONFINES OF PURE
AGR POLICIES AND DEVELOP FOOD POLICIES WHICH CONSIDER
THE NEEDS OF PRODUCERS, THE INTEREST OF CONSUMERS AND
OUR RESPONSIBILITIES TOWARD DEVELOPING NATIONS. FOOD
AID PROGRAMS MUST BE DESIGNED TO MEET THE NEEDS OF
PEOPLE IN THE DEVELOPING COUNTRIES -- NOT THE SURPLUS
DISPOSAL NEEDS OF THE PRODUCING COUNTRIES. THE PUBLIC
LAW 480 FOOD-AID PROGRAM IS BEING CHANGED TO PROMOTE
DEVELOPMENT, NOT ENCOURAGE DEPENDENCE; ALSO, THE U.S.
WANTS TOMAINTAIN ITS FOOD-AID PROGRAMS IN YEARS OF
SHORTFALL AS WELL AS IN YEARS OF PLENTY.

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10. SECRETARY BERGLAND'S OPENING STATEMENT WAS BASED ON A PREPARED STATEMENT "WORLD AGRICULTURAL STABILITY: THE U.S. VIEW", WHICH WAS MADE AVAILABLE TO ALL DELEGATIONS AND THE PRESS. THE STATEMENT INCLUDES AN ANNEX "U.S. FARM PROGRAMS" WHICH CONTAINS SECTIONS ON DOMESTIC GRAIN RESERVES--THE SEARCH FOR STABILIZATION, PRODUCTION ADJUSTMENT--SET-ASIDE AUTHORITY, PRICE SUPPORTS, AND INCOME SUPPORT.

11. AMONG OTHER MAJOR OECD COUNTRIES, AMBASSADOR DONOVAN SPEAKING FOR AUSTRALIA HIGHLIGHTED SOME OF THE PROBLEMS COMING FROM CHANGE: CHANGES IN PRODUCTIVITY, IN RELATIVE COSTS OF FARM INPUTS AND RETURNS IN PREFERENTIAL TRADING ARRANGEMENTS AND TRADE PATTERNS, AND IN LIMITED OFFICIAL USE

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THE PROPORTIONS OF HIGH AND LOW COST AGR PRODUCTION. OVERALL, HE CONCLUDED THAT ADJUSTMENT RESPONSES IN THE HIGHER-COST, TRADITIONALLY IMPORTING COUNTRIES HAVE RESULTED IN INCREASED BARRIERS TO IMPORTS AND INCREASED SUBSIDIZATION OF A GROWING LEVEL OF THEIR OWN EXPORTS. THESE RESPONSES POSE INCREASINGLY SERIOUS PROBLEMS FOR LOWER-COST PRODUCING COUNTRIES LIKE AUSTRALIA WHO ARE MORE DEPENDENT ON FOREIGN-EXCHANGE EARNINGS FROM THE AGR SEC-OR THAN FROM ANY OTHER SECTOR. WHAT HIS COUNTRY IS DISPUTING, DONOVAN SAID, IS THE LEVEL OF PROTECTION, NOT PROTECTIONISM PER SE. HE CITED THE EXAMPLES OF DAIRY AND BEEF TO SUPPORT HIS THESIS THAT THE PROPORTION OF PRODUCTION IS INCREASING IN HIGHER-COST PRODUCING COUNTRIES.

12. NEW ZEALAND MINISTER MACINTYRE IN HIS STATEMENT PRESENTED AS FORCEFULLY AS DID THE AUSTRALIAN REP THE DETERIORATING TRADE POSITION OF HIS COUNTRY IN THE FACE OF INCREASING RESTRICTIONS IN AGRICULTURAL TRADE. MACINTYRE ALSO REMINDED THE MINISTERS THAT N.Z.

HAD ASKED AT THE OECD MINISTERIAL COUNCIL IN JUNE 1977 THAT IN RENEWING THE 1974 TRADE DECLARATION THE OECD MEMBER COUNTRIES APPLY THIS PLEDGE TO AGRICULTURAL AS WELL AS INDUSTRIAL COUNTRIES. HE NOTED, HOWEVER, THAT THE SPIRIT OF THE AGREEMENT IS NOT BEING HONORED IN EITHER TRADE SPHERE.

13. MINISTER WHELAN FROM CANADA QUICKLY AND FIRMLY ESTABLISHED HIS POSITION AS A VIGOROUS DEFENDER OF FARMERS' INTERESTS. HE ALSO VOICED THE CONCERNS SIMILAR TO THOSE OF THE U.S., N.Z. AND AUSTRALIA ON THE NEEDS FOR GREATER STABILITY IN INTERNATIONAL MARKETS, IMPROVED MARKET ACCESS FOR EFFICIENT PRODUCERS, AND LIMITED OFFICIAL USE

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THE NECESSITY OF INTERNATIONAL COOPERATION TO ACHIEVE THESE GOALS. WHELAN SUGGESTED THAT AGR MINISTERS MEET ONCE A YEAR TO ASSESS THE MARKET OUTLOOK AND MAP A COMMON STRATEGY; A GAP OF 5 YEARS BETWEEN MEETINGS IS INTOLERABLE.

14. THE STATEMENT OF JAPANESE REP UCHIMURA PREDICTABLY REFLECTED HIS COUNTRY'S CONCERNS AS A LARGE IMPORTER OF FOOD, ESPECIALLY THEIR INTEREST IN ASSURANCE OF DEPENDABLE SUPPLIES AT RELATIVELY STABLE PRICES. JAPAN ENDORSES COMMODITY AGREEMENTS WHERE POSSIBLE AND WHEN NOT BILATERAL CONSULTATIONS AND AGREEMENTS. UCHIMURA WARNED, HOWEVER, THAT AGRICULTURE IN HIS COUNTRY HAS A SPECIAL SOCIAL, POLITICAL AND ECONOMIC SENSITIVITY. THUS, ONE COUNTRY (READ PERHAPS THE U.S.) SHOULD NOT TRY TO FORCE SUDDEN CHANGES ON ANOTHER COUNTRY.

15. AMONG THE MAJOR EC COUNTRIES, MINISTER ERTL MADE THE STRONGEST PLEA FOR MAXIMUM DEPENDENCE ON MARKET FORCES TO SOLVE IMBALANCES RESULTING FROM EXTREME FLUCTUATIONS IN AGR PRICES, IN MONETARY EXCHANGE RATES AND NORTH/SOUTH DISPARITIES. HE SAID WE MUST SEEK AGREEMENTS BASED ON A BETTER FRAMEWORK FOR THE OPERATION OF A "FREE MARKET" AND AVOID CENTRALIZED CONCEPTS THAT HAVE FAILED MISERABLY IN EASTERN EUROPE. ERTL GAVE PARTICULAR ATTENTION TO PROBLEMS OF DEVELOPING COUNTRIES AND RECOMMENDED THAT AN INVENTORY BE MADE BY OECD AGR COMMITTEE THAT WOULD SUMMARIZE IN A CLEAR WAY THE BASIC KNOWLEDGE OF THE WORLD AGR AND FOOD SITUATION AND OF THE STRUCTURE AND INTERDEPENDENCE OF VARIOUS INTERNATIONAL MEASURES.

16. FRENCH MINISTER OF AGRICULTURE MEHAIGNERIE STATED THE "CLASSIC" FRENCH POSITION ON AGRICULTURE. FRANCE INTENDS TO PURSUE AN EXPANSIONIST POLICY IN PRODUCTION.

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IT IS NORMAL, HE SAID, TO EXPECT THAT AT TIMES EXPORT
SUBSIDIES WILL BE REQUIRED. HE ALSO DEFENDED PRICE
SUPPORTS AS THE BASIS FOR MAINTAINING FARM INCOMES.
FURTHER, HE STATED THAT THE MORE ADVANCED OF THE DEV-
ELOPING COUNTRIES SHOULD NOT EXPECT PREFERENTIAL TREAT-
MENT FOR MARKET ACCESS TO MARKETS IN DEVELOPED
COUNTRIES. MEHAIGNERIE WELCOMED THE INCLUSION OF FEED
GRAINS IN THE UPCOMING GENEVA GRAINS AGREEMENT NEGOTIA-
TIONS AND STRESSED THE ESSENTIALITY OF MAXIMUM AND
MINIMUM PRICES IN THESE AGREEMENTS.
COMMENT: NO DOUBT THE IMMINENCE OF THE MARCH ELECTIONS
FOR THE FRENCH NATIONAL ASSEMBLY PERSUADED THE FRENCH

MINISTER TO BE EXTRA CAREFUL TO NOT MAKE ANY STATEMENTS
THAT MIGHT ALIENATE HIS IMPORTANT FRENCH AGR
CONSTITUENCY.
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17. U.K. REP BISHOP (DEPUTY MINISTER) SAID THAT 1978
OFFERS A VITAL OPPORTUNITY, ESPECIALLY IN THE MTN AND
GRAINS NEGOTIATIONS CONFERENCE, TO AGREE ON MEASURES
TO ACHIEVE GREATER STABILITY IN WORLD MARKETS -- AN OP-
PORTUNITY WHICH MAY NOT SOON BE REPEATED. BISHOP ALSO
STRESSED IN HIS STATEMENT THE IMPORTANCE OF A BETTER
UNDERSTANDING AND ASSISTANCE TO COUNTRIES OF THE THIRD
WORLD. REGARDING THE AGENDA ITEM ON FOOD POLICY HE
STRESSED ITS IMPORTANCE AND THE NEED TO WIDEN THE FIELD
OF EXAMINATION OF OECD JOINT STUDIES TO INCLUDE ALL
MAJOR ELEMENTS IN THE FOOD CHAIN.

COMMENT: IN CONTRAST TO THE ATTENTION GIVEN IN THE
U.K. STATEMENT TO DEVELOPING COUNTRIES AND FOOD POLICY,
THE U.K. REP TO THE AGR COMMITTEE AT THE OFFICIAL LEVEL
(ASSISTANT SECRETARY EDWARDS) HAD CONSISTENTLY OPPOSED
THE INCLUSION OF THESE ITEMS IN THE AGENDA FOR THE AGR
MINISTERIAL. ALSO, IN THE DRAFTING SESSION FOR THE
PRESS COMMUNIQUE (EVENING OF FEB 9) EDWARDS MADE SEV-
ERAL ATTEMPTS TO DILUTE OR ELIMINATE REFERENCE TO THE
OECD EXPANDING ITS WORK IN THESE AREAS.

18. THE EC COMMISSION WAS REPRESENTED BY DIRECTOR-
GENERAL RABOT RATHER THAN COMMISSIONER GUNDELACH. RABOT
MADE NO OPENING STATEMENT AND ONLY ONE BRIEF COMMENT IN
THE DISCUSSION PERIODS. HOWEFVER, EC REPS MARINUCCI
AND BRUDERER (WHO REPRESENT THE COMMISSION IN AGR
COMMITTEE MEETINGS AT THE OFFICIAL LEVEL) WERE EXTREME-
LY ACTIVE IN THE DRAFTING SESSION, WITH THE CONSISTENT
COOPERATION OF FRENCH REPS, IN REPEATED ATTEMPTS TO
WATER DOWN AN ALREADY BLAND PRESS COMMUNIQUE.

COMMENT: IN THE VIEW OF THE U.S. AND SOME OTHER MINIS-
TERIAL DELEGATIONS AS WELL AS THE SECRETARIAT, THE
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ABSENCE OF THE EC MINISTER ON BALANCE VERY LIKELY PRO-
MOTED FREER AND MORE OPEN DISCUSSION WITH THE ACTIVE
PARTICIPATION OF EC MEMBER COUNTRY MINISTERS. SINCE
THE MINISTERIAL WAS NOT A NEGOTIATING FORUM, THE
ABSENCE OF AN EC "PARTY LINE" NO DOUBT FACILITATED THE
USE OF OECD AS A FORUM FOR EXCHANGE OF POINTS OF VIEW

AND "FLOATING OF TRIAL BALLOONS" WITHOUT EACH REP BEING
TIED TO A FIXED NEGOTIATING POSITION.

19. AMONG NON-EC EUROPEAN COUNTRIES, AUSTRIAN MINISTER
HAIDEN WAS THE MOST FORCEFUL CRITIC OF TRENDS TOWARD
INCREASING TRADE PROTECTIONISM AMONG OECD COUNTRIES.

20. OF THE OBSERVER AGENCIES REPRESENTED, ONLY WFC
EXECUTIVE DIRECTOR HANNAH MADE AN OPENING STATEMENT (OR
PARTICIPATED IN THE DISCUSSION). HANNAH EXPLAINED THE
ROLE OF THE WORLD FOOD COUNCIL AND SAID THAT OECD
MEMBER COUNTRIES HAD NOT GIVEN WFC SUFFICIENT SUPPORT,
NOTING PARTICULARLY THE SHORTFALL IN EC FOOD-AID
PERFORMANCE.

DISCUSSION OF AGENDA ITEMS

21. EARLY IN THE AFTERNOON SESSION ON FEB 9, WITH THE
COMPLETION OF ALL OPENING STATEMENTS, THE MINISTERS
BEGAN THEIR DISCUSSION OF THE THREE SUBTOPICS OF THE
AGENDA. THIS DISCUSSION CONTINUED DURING MOST OF THE
MORNING SESSION ON FEB 10 (THE LAST ITEM ON THE AGENDA
BEFORE ADJOURNMENT AT 1300 BEING THE APPROVAL OF
THE PRESS COMMUNIQUE). MINISTERS DESIGNATED IN ADVANCE
TO PROVIDE DISCUSSION OPENERS FOR EACH OF THE TOPICS
WERE: FOOD POLICY, MINISTER WHELAN (CANADA); FUNCTION-
ING OF AGRICULTURAL MARKETS, MINISTER MACINTYRE (N.Z.)
AND FOOD PROBLEMS OF DEVELOPING COUNTRIES, MINISTER VAN
DER STEE (NETHERLANDS). AMONG THE MOST ACTIVE PARTICI-
PANTS, IN ADDITION TO THESE MINISTERS, WERE THE REPS OF
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AUSTRALIA, GERMANY, DENMARK, AND THE UNITED STATES. MINISTER ERTL WAS THE PRINCIPAL CHAMPION OF CAP POLICIES AGAINST CRITICISMS FROM EXPORTING COUNTRIES. HE POINTED TO THE LARGE IMPORTS OF GERMANY AND EC IN TOTAL. ERTL CLAIMED THAT CAP MECHANISMS WERE SUFFICIENT TO MEET PRESENT DAY PROBLEMS; HOWEVER, THE APPLICATION OF THOSE MECHANISMS NEEDED IMPROVEMENT AND ESPECIALLY RELATED TO PROBLEMS CAUSED BY FLUCTUATIONS IN EXCHANGE RATES.

22. THE PURPOSE OF THE DISCUSSION PERIODS WAS TO PROVIDE FOR A FRANK BUT DIRECTED INTERCHANGE OF VIEWPOINTS ON THE QUESTIONS AND PROBLEMS RAISED IN THE OPENING STATEMENTS AND THE SECRETARIAT DOCUMENTS -- NOT TO NECESSARILY ARRIVE AT A CONSENSUS OR AGREEMENT. THE LIMITED OFFICIAL USE

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THEME THAT RECURRED MOST FREQUENTLY WAS TO INTRODUCE "DISCIPLINE IN THE MARKET PLACE" AND MEANS TO ACCOMPLISH THIS. THE SKILLFULNESS OF BELGIAN MINISTER HUMBLET IN HIS ROLE AS CHAIRMAN ADDED GREATLY TO THE UTILITY OF THE DISCUSSIONS. IN THE VIEW OF SECRETARY BERGLAND AND SEVERAL OTHER MINISTERS, THIS PART OF THE MEETING WAS THE MOST USEFUL AND THEY BELIEVE THAT IN FUTURE MEETINGS THE ROUTINE OPENING STATEMENTS SHOULD BE ELIMINATED. MINISTERS COULD PREPARE STATEMENTS IN ADVANCE FOR CIRCULATION AND FOR THE PROCEEDINGS.

23. IN THE VIEW OF THE SECRETARIAT AS EXPRESSED TO A U.S. MISSION REP, TWO INTERVENTIONS BY SECRETARY BERGLAND PROVIDED THE HIGHLIGHTS OF THE DISCUSSION. IN

ONE, BERGLAND DISCUSSED VARIOUS ELEMENTS OF A FOOD POLICY. HE NOTED THAT IN THE PAST OUR POLICIES HAVE BEEN "REACTIONARY". TO MEET SURPLUSES THE U.S. INVENTED SCHOOL LUNCH AND PL 480 PROGRAMS TO DISPOSE OF THEM. NOW THIS PERSPECTIVE IS BEING CHANGED. IN THE PRESIDENT'S NEW BUDGET, FOR EXAMPLE, A NUTRITIONAL INSTITUTE FOR USDA IS PROPOSED TO STUDY RELATIONSHIPS BETWEEN DIET AND HEALTH AND DETERMINE NUTRITIONAL NEEDS. ONLY THEN CAN THE U.S. BEGIN TO DEVELOP A RATIONAL FOOD POLICY THAT ENCOMPASSES A NATIONAL AGR POLICY. THE SECRETARY ALSO REFERRED TO THE NEED TO INTEGRATE THE DIFFERING ENERGY REQUIREMENTS AT THE FARM, PROCESSING, DISTRIBUTION, AND CONSUMER LEVELS IN DEVELOPING THIS FOOD POLICY.

24. IN A SECOND STATEMENT, SECRETARY BERGLAND FOCUSED ON RELATIONSHIPS WITH DEVELOPING COUNTRIES, INCLUDING THEIR STAKE IN MORE STABLE INTERNATIONAL MARKETS. THE LIMITED OFFICIAL USE

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PROBLEM IS NOT ONE OF SURPLUS PRODUCTION, BUT THAT MANY PEOPLE DON'T HAVE THE MEANS TO BUY IT. THE U.S., HE SAID, WANTS TO JOIN WITH OTHERS IN AN INTERNATIONAL STRATEGY TO RELIEVE PROBLEMS OF MALDISTRIBUTION AND HUNGER AND ALSO HELP THESE PEOPLE BECOME A PART OF THE MARKET. BERGLAND CRITICIZED PAST U.S. POLICIES THAT LEFT EVERYTHING TO CHANCE, WHICH IN TURN LED TO TEMPORARY EMBARGOES AND RESTRICTIONS ON EXPORTS. WHILE WEATHER WILL CONTINUE TO BE A MAJOR AND UNPREDICTABLE ELEMENT IN INSTABILITY, HE POINTED TO U.S. ACTIONS IN THE 1977 FARM BILL TO DEVELOP AN INTERNAL STRATEGY FOR MANAGING RESERVES. WHAT IS NEEDED IS ALSO AN INTERNATIONAL STRATEGY. BUYERS AND SELLERS, HE EMPHASIZED, NEED TO AGREE TO INTERNATIONAL UNDERSTANDINGS AS THE U.S. CANNOT BE THE WORLD'S SOLE SHOCK ABSORBER IN GRAIN.

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25. IN THEIR NOTES TO THE AGENDA, THE SECRETARIAT HAD RECOMMENDED THE FOLLOWING AREAS OF WORK THE MINISTERS MIGHT CONSIDER AS A FOLLOW-UP TO THEIR MEETING: A) REGULAR ANALYSIS OF AGR POLICY FORMULATION AND IMPLEMENTATION WITHIN MEMBER OECD COUNTRIES; B) MAKING GREATER COLLECTIVE USE OF MARKET ANALYSES AND FORECASTS IN ORDER TO ANTICIPATE POSSIBLE DIFFICULTIES AND FIND MEANS TO DEAL WITH THEM; C) WORK TOGETHER IN DEVELOPING A COMMON CONCEPTION OF WHAT A FOOD POLICY SHOULD CONSIST OF -- WHAT THE OBJECTIVES OF SUCH A POLICY SHOULD BE AND HOW THOSE OBJECTIVES MIGHT BE BEST

REALIZED; D) STEP UP EFFORTS TO IMPROVE FUNCTIONING OF
MARKETS AND TO INSURE A MORE ORDERLY DEVELOPMENT OF IN-
TERNATIONAL TRADE -- AND TAKE INTO ACCOUNT SPECIAL
NEEDS OF DEVELOPING COUNTRIES; E) ANALYZE THE INTERDE-
PENDENCE OF AGR POLICY ACTIONS AT BOTH NATIONAL AND IN-
TERNATIONAL LEVELS WITH POLICY ACTIONS IN OTHER
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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 IGA-02 CEA-01 CIAE-00 COME-00
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FM AMEMBASSY PARIS
TO SECSTATE WASHDC 6302
INFO USDA/WASHDC
ALL OECD CAPITALS
AMEMBASSY BELGRADE
AMEMBASSY BRUSSELS
USMISSION GENEVA

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SECTORS, AND ESPECIALLY WITH RESPECT TO DEVELOPING
COUNTRIES.

26. THE SECRETARIAT RECEIVED A LARGE MEASURE OF
SUPPORT FOR THESE PROPOSALS AND VARIATIONS OF THEM.
SECRETARY BERGLAND ENDORSED THEM AS DID ALL OTHER REPS

OF NON EUROPEAN EXPORTING COUNTRIES PLUS QUITE A FEW EUROPEAN REPS, EC MEMBER COUNTRIES AS WELL AS OTHERS. SEVERAL COUNTRIES SUGGESTED MORE SPECIFIC STUDIES OF HOW THE BURDENS OF ADJUSTMENT CAN BE SHARED MORE EQUITABLY.

27. SECRETARY BERGLAND ALSO MADE TWO OTHER PROPOSALS IN HIS OPENING STATEMENT. A) RECOGNIZING THE EVER-INCREASING DEPENDENCE OF AGRICULTURE ON NON-AGR INPUTS LIMITED OFFICIAL USE

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AND THE INCREASED COMPLEXITY OF FARM-TO-CONSUMER SYSTEMS, HE PROPOSED THAT OECD SURVEY AGR ADVISORY (EXTENSION) SERVICES. THIS AREA, HE SAID, PROVIDES AN EXCELLENT OPPORTUNITY FOR VALUABLE COOPERATION AND WILL HELP US IMPROVE ADVISORY SERVICES TO AGRICULTURE ENABLING THEM TO DEAL MORE EFFECTIVELY WITH CHANGING CONDITIONS. B) HE RECOMMENDED COOPERATIVE RESEARCH IN FOOD PRODUCTION AND PRESERVATION, A PROPOSAL FIRST SUBMITTED BY THE U.S. 2 1/2 YEARS AGO, WHICH IS STILL WAITING EFFECTIVE ACTION. COORDINATION OF LONG-TERM BASIC RESEARCH IN THESE AREAS, HE STATED, WILL PROVIDE YET ANOTHER OPPORTUNITY TO IMPROVE OUR CONTRIBUTIONS TO MEETING GLOBAL FOOD NEEDS.

28. THE SECRETARIAT WILL PREPARE AN INVENTORY OF ALL PROPOSALS MADE BY COUNTRY REPS AT THE MEETING. THIS INVENTORY WILL BE PRESENTED TO THE AGR COMMITTEE AT ITS NEXT MEETING (POSSIBLY IN LATE MARCH, OR APRIL) AND TO OTHER OECD BODIES. THE PROPOSALS MADE ENCOMPASS THE PROGRAM OF WORK OF SEVERAL COMMITTEES AND OTHER GROUPS OUTSIDE THE AGR COMMITTEE.

29. SEVERAL MINISTERS DURING THE MEETING AND IN INFORMAL DISCUSSIONS ECHOED CANADIAN MINISTER WHELAN'S INITIAL PROPOSAL FOR MORE FREQUENT MEETINGS OF OECD AGR MINISTERS. THIS RECOMMENDATION WAS ADDED TO THE DRAFT COMMUNIQUE.

30. THIS REPORTING TELEGRAM WAS PREPARED AFTER THE DEPARTURE OF SECRETARY BERGLAND AND HIS DELEGATION. KATZ

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